GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1079
ANSWERED ON:28.07.2000
TAX HOLIDAY TO SOFTWARE INDUSTRY
RASA SINGH RAWAT

Will the Minister of FINANCE be pleased to state:

(a) the conditions under which tax holiday is provided and the industries/items covered under it;

(b) whether the Government have received any proposal to provide tax holiday to software industry; and

(c) if so, the details thereof and the steps being taken by the Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (V. DHANANJAYA KUMAR)

(a) Section 10A and 10B, 80 IA, 80 IB and 80 JJAof the Income-tax Act provide tax holiday to different industries/sectors on the conditions specified therein.

These include:-

1. For Infrastructure development

(a) Infrastructure facility

(b) Telecommunication services

(c) Industrial parks

(d) Power sector

2. Scientific Research and Development Companies

3. Commercial production or refining of mineral oil

4. Housing projects

5. Cold chain facility for agricultural produce

6. a) Industries located in Backward States. b) Industries located in Backward Districts.

7. Collection and processing of biodegradable waste.

8. Export income of undertakings located in Free Trade Zones, Electronic Hardware Parks, SoftwareTechnology Parks and 100% Export Oriented Units.

9. Special tax holiday for North-Eastern States.

(b) & (c)Yes, sir. The Government received a large number of representations from various quarters during the last budgetary exercise regarding providing tax holiday to software industry and also for enlarging the scope of existing concessions. All such proposals were considered by the Government. Sections 10A and 10B of the Income-tax Act were suitably amended to provide ten year tax holiday in a graded manner in respect of export income derived by undertakings located, inter-alia, in Software Technology Parks.